

## Message Text

SECRET

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ACTION AF-10

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 EB-08 CTME-00  
TRSE-00 SS-15 L-03 CIAE-00 INR-07 NSAE-00 COME-00  
H-01 NSC-05 DODE-00 OMB-01 IGA-02 AID-05 GSA-02  
/095 W

-----116914 211801Z /43

R 211516Z DEC 77  
FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC 5294  
INFO AMEMBASSY LONDON  
USMISSION USUN NEW YORK  
AMCONSUL RIO DE JANEIRO

S E C R E T SECTION 1 OF 2 BRASILIA 10427

E.O. 11652: GDS  
TAGS: RH, BR, PDEV  
SUBJECT: RHODESIA: BRAZILIAN IMPORTATION OF CHROME

REF: STATE 289230

1. SUMMARY: PER REFTEL, EMBASSY REQUESTED FOREIGN MINISTRY TO PROVIDE COPIES OF THE RESULTS OF LABORATORY ANALYSES OF SOUTH AFRICAN CHROMIUM ORE AND FERROCHROME IMPORTS SINCE JULY 18, 1977 FOREIGN MINISTRY OFFICIALS REPLIED THAT PROVISION OF SUCH INFORMATION WAS NOT WITHIN THE SCOPE OF THE US-BRAZIL CERTIFICATION AGREEMENT AND IF THE US DESIRES COPIES OF THE TESTS, AN AMENDMENT TO THE AGREEMENT WOULD BE NECESSARY. THE OFFICIALS MADE CLEAR, HOWEVER, THAT THEY DID NOT EXPECT THE GOB WOULD AGREE TO SUCH AN AMENDMENT. THE SAME OFFICIALS OFFERED INFORMATION ON THE GOB'S IMPLEMENTATION OF THE CERTIFICATION AGREEMENT, INCLUDING THE REQUIRED TESTING PROCEDURES WHICH WENT FULLY INTO EFFECT ONLY ON OCTOBER 31, 1977. FINALLY, THE FOREIGN MINISTRY REAFFIRMED ITS UNSTINTING DETERMINATION--AT THE HIGHEST POLITICAL LEVEL-- TO CONTINUE TO PREVENT THE ENTRY INTO BRAZIL OF RHODESIAN CHROME AND SUGGESTED ITS RECEPTIVITY

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TO ANY EVIDENCE WHICH WE MIGHT HAVE THAT ANY SUBTERFUGE WAS IN OPERATION. END SUMMARY.

2. ON DECEMBER 20 ECONOFFS MET WITH THREE FONMIN TRADE POLICY DIVISION OFFICIALS, INCLUDING THE NEW CHIEF OF THE DIVISION, COUNSELOR JOSE BOTAFOGO GONCALVES, TO PRESENT AIDE MEMOIRE BASED ON REFTEL. FULL TEXT OF AIDE MEMOIRE FOLLOWS:

ON JULY 18, 1977, THE GOVERNMENT OF BRAZIL ENTERED IN TO A CERTIFICATION AGREEMENT WITH THE US GOVERNMENT RELATING TO THE EXPORT OF BRAZILIAN FERROCHROMIUM AND SPECIALITY STEEL MILL PRODUCTS TO THE US UNDER THE US DEPARTMENT OF THE TREASURY'S RHODESIAN SANCTIONS REGULATIONS.

ONE OF THE REQUIREMENTS OF THE CERTIFICATION AGREEMENT IS THAT ALL BRAZILIAN IMPORTS OF SOUTH AFRICAN CHROMIUM ORE AND FERROCHROMIUM ORE MUST BE SUBJECTED TO LABORATORY TESTING TO ENSURE THAT RHODESIAN MATERIALS ARE NOT BEING IMPORTED INTO BRAZIL FALSELY DESCRIBED AS OF SOUTH AFRICAN ORIGIN. THE BRAZILIAN EMBASSY IN WASHINGTON HAS ADVISED THE DEPARTMENT THAT THE "LABORATORIO NACIONAL DE ANALISES" IS RESPONSIBLE FOR CONDUCTING THE NECESSARY TESTS.

THE US AUTHORITIES ARE CONCERNED THAT THE CONDITIONS OF THE CERTIFICATION AGREEMENT ARE BEING FULLY MET. THE EMBASSY, THEREFORE, REQUESTS THAT THE FOREIGN MINISTRY ARRANGE FOR COPIES OF THE RESULTS OF THE LABORATORY TESTS WHICH HAVE BEEN CONDUCTED BY THE "LABORATORIO NACIONAL DE ANALISES" ON SOUTH AFRICAN CHROMIUM ORE AND FERROCHROME IMPORTS SINCE JULY 18, 1977 BE PROVIDED TO THE EMBASSY TOGETHER WITH AN IDENTIFICATION OF THE SHIPMENT FROM SOUTH AFRICA COVERED BY EACH TESTS.

THE EMBASSY REQUESTS AN EARLY REPLY. END TEXT OF AIDE  
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MEMOIRE.

3. DEPARTMENT WILL NOTE THAT NO REFERENCE TO UNVERIFIED REPORTS WAS MADE IN THE AIDE MEMOIRE, BUT ECONOFF DID ORALLY REFER TO BOTH THE DOUBTS AND CONCERNS OF THE USG AS TO WHETHER THE CONDITIONS OF THE CERTIFICATION AGREEMENT WERE BEING FULLY MET.

4. THE INITIAL FOREIGN MINISTRY REACTION WAS THAT OUR CONCERN MIGHT WELL HAVE COME ABOUT DUE TO THE FACT THAT THE APPLICABLE BRAZILIAN LEGISLATION DETAILING PROCEDURES FOR IMPLEMENTATION OF THE AGREEMENT HAD BEEN "REISSUED" ON OCTOBER 31, 1977. PRIOR TO THAT DATE THE PROCEDURE USED WAS BASED ON CUSTOMS POLICY COUNCIL RESOLUTION NO. 3.013. AND SUBSTITUTE RESOLUTION NO. 3.046 OF OCTOBER 25, 1977. THE LATTER RESOLUTION BECAME THE BASIS FOR THE CUSTOMS SERVICE'S (RECEITA FEDERAL) GUIDELINE (LITERALLY "NORMATIVE INSTRUCTION") NO. 64 OF OCTOBER 31, 1977, WHICH, INTER ALIA, DESIGNATES THE CUSTOMS SERVICE'S "LABORATORIO NACIONAL DE ANALISES" IN RIO DE JANEIRO TO CONDUCT THE TESTS. UNDER THE PRIOR RESOLUTION A "DECLARATION OF THE PRODUCING COUNTRY" APPARENTLY HAD BEEN ACCEPTABLE. IN ANY CASE, ONE OF THE FOREIGN MINISTRY OFFICIALS PRESENT STATED THAT THERE HAD BEEN ONLY ONE

SHIPMENT OF CHROME FROM SOUTH AFRICA TO BRAZIL BETWEEN JULY 18 AND OCTOBER 31. HE ALSO STATED THAT A REQUEST HAD BEEN MADE TO HAVE THAT ONE SHIPMENT TESTED BY THE GOVERNMENT LABORATORY, ALTHOUGH THERE HAD BEEN NO LEGAL BASIS FOR REQUIRING IT AT THAT TIME. THE OFFICIAL SAID THAT HE BELIEVED THAT THIS HAD INDEED TAKEN PLACE.

5. COMMENT: EMBASSY NOTES THAT THE GUIDELINES NO. 64 OF OCTOBER 31, 1977 IN PARAGRAPH SEVEN EXCLUDES FROM LABORATORY TESTS FOREIGN SHIPMENTS OF CHROMIUM, INCLUDING FROM SOUTH AFRICA, ALREADY EMBARKED PRIOR TO THAT DATE. IT IS POSSIBLE THAT THIS PARAGRAPH OR THE LESS STRICT CONTROLS IN LEGAL EFFECT PRIOR TO OCTOBER 31, MAY HAVE GIVEN RISE TO "AN UNVERIFIED REPORT THAT SHIPMENTS OF CHROMIUM ORE AND FERROCHROMIUM FROM SOUTH AFRICA  
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ARE BEING IMPORTED WITHOUT THE REQUIRED LABORATORY TESTING"  
(PHG. 6 OF REFTEL). END COMMENT.

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R 211516Z DEC 77

FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC 5295  
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USMISSION USUN NEW YORK  
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S E C R E T SECTION 2 OF 2 BRASILIA 10427

6. THE FOREIGN MINISTRY OFFICIALS INDICATED THAT COPIES OF BOTH CUSTOMS POLICY COUNCIL RESOLUTION NO. 3.046 AND CUSTOMS SARVICE GUIDELINE NO. 64 HAD BEEN SENT TO ITS EMBASSY IN

WASHINGTON FOR TRANSMISSION TO TREASURY. IF THESE DOCUMENTS ARE NOT AVAILABLE, PLEASE ADVISE AND WE CAN PREPARE AN INFORMAL TRANSLATION.

7. COUNSELOR BOTAFOGO EXPRESSED HIS HOPE THAT THIS INFORMATION AND THE CLARIFICATION OF THE FOREIGN MINISTRY WOULD BE SUFFICIENT TO OVERCOME WHATEVER DOUBTS THE USG MAY HAVE HAD/ IN ANY EVENT, BOTH HE AND THE OTHER OFFICIALS PRESENT SAID THAT THE GOB DID NOT CONSIDER THE US-BRAZIL CERTIFICATION AGREEMENT AS A VALID BASIS FOR THE USG TO REQUEST COPIES OF THE TESTS FROM THE GOB LABORATORY. INDEED, THEY SAID, IT WOULD BE NECESSARY TO AMEND THE AGREEMENT, AND THEY DID NOT BELIEVE THE GOB WOULD AGREE TO SUCH AN AMENDMENT.

8. AT THE SAME TIME THE OFFICIALS EXPRESSED THE FOREIGN MINISTRY'S STRONGEST INTEREST IN MAINTAINING STRICT CONTROLS TO PREVENT THE IMPORTATION OF RHODESIAN CHROME. THEY REMINDED THE ECONOFFS THAT BRAZILIAN LEGISLATION IN THIS REGARD WENT BACK  
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TO 1968 WHEREAS THE US LEGISLATION WENT INTO EFFECT ONLY THIS YEAR. THEY WENT ON TO STATE THAT AT THE HIGHEST LEVEL IN THE FOREIGN MINISTRY THERE WAS POLITICAL COMMITMENT TO CARRY OUT THE RHODESIAN SANCTIONS.

9. ONE OF THE FOREIGN MINISTRY OFFICIALS INDICATED INDIRECTLY THAT THE FOREIGN MINISTRY WOULD BE RECEPTIVE TO ANY EVIDENCE THE USG MIGHT HAVE THAT SUBTERFUGE IS INVOLVED IN SOUTH AFRICAN SHIPMENTS: HE SAID "IF YOU HAVE SUCH EVIDENCE, PLEASE TELL US AND NOT ANYONE ELSE."

10. CONCLUSIONS AND RECOMMENDATIONS: IF THE DEPARTMENT HAS OR OBTAINS EVIDENCE OF SUBTERFUGE WHICH CAN BE SHARED WITH THE GOB, THIS INFORMATION SHOULD BE MADE AVAILABLE TO THE FOREIGN MINISTRY. THE EMBASSY DOES NOT RECOMMEND AT THIS TIME THAT ANY FURTHER ATTEMPT BE MADE TO OBTAIN COPIES OF THE "LABORATORIO NACIONAL DE ANALISES" TESTS SINCE THE GOB WOULD ONLY CONSIDER SUCH A REQUEST IF IT WERE PROVIDED FOR UNDER THE US-BRAZIL CERTIFICATION AGREEMENT. (COMMENT. IT IS ESTEMRELY UNLIKELY THAT THE GOB WOULD UNDER ANY CONDITIONS ACCEPT SUCH AN AMEMDMENT TO THE EXISTING AGREEMENT.)

11. POSTSCRIPT. ECONOFFS, PER PGH. 3 OF REFTTEL, REVIEWED AIDE MEMOIRE WITH POLITICAL COUNSELOR OF BRITISH EMBASSY PRIOR TO PRESENTING IT AT THE FOREIGN MINISTRY. THE POLITICAL COUNSELOR APPRECIATED OUR GESTURE AND GAVE HIS FULL BLESSING TO THE ENDEAVOR. HE SAID THAT LONDON WAS AWARE THAT THE US WOULD PROCEED UNILATERALLY.

12. CONGEN RIO AT EMBASSY REQUEST ATTEMPTED TO OBTAIN INFORMATION FROM CACEX ON THE QUANTITIES OF SOUTH AFRICAN CHROME

ORDER AND FERROCHROMIUM IMPORTED INTO BRAZIL SINCE JULY 18,  
1977. UNFORTUNATELY, MONTH-TO-MONTH DATA FOR 1977 IS NOT  
PRESENTLY AVAILABLE FOR COMMODITIES SUCH AS FERROCHROME  
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AND CHROMIUM ORE.  
JOHNSON

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## Message Attributes

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